

New Resources Announced for Ohio's Small Businesses

(Warren, OH) – Congressman Tim Ryan (OH-17), announced that the Small Business Jobs Act of 2010, signed by President Obama last month, provides critical resources to help Ohio's small businesses continue to drive economic recovery and create jobs. The new law extends the U.S. Small Business Association (SBA) Recovery loans while offering billions more in lending support and tax breaks for entrepreneurs and small business owners.

“Small businesses are the backbone of the American economy,” stated Congressman Ryan. **“This is exactly the type of legislation that we need in order create the jobs and economic growth that will return this country to prosperity. I am proud to have supported this legislation, and am outraged by the complete failure of Republicans to provide any kind of support to American small businesses. We can debate economic policy indefinitely – but in the end, actions speak louder than words. Doing nothing is simply not an option. Putting small businesses in a position to employ American men and women should be a higher priority than partisan politics.”**

The bill extends successful SBA Recovery Act provisions, and will restart the SBA's Recovery lending, beginning with the more than 1,300 small businesses that have been waiting to get the credit they need, with thousands more benefiting in the coming weeks. It also includes eight new tax cuts specifically for small businesses – all of which are effective today, and applying to

small business taxes for 2010 – providing an immediate incentive for these businesses to make new investments and expand.

For example:

If you are a small business and you buy new equipment, you can immediately write off the first \$500,000 of your investments;

If you are one of over one million eligible small businesses, key long-term investments in your company will be subject to zero capital gains taxes;

If you are an entrepreneur and take a chance on a new idea, you can deduct the first \$10,000 of your start-up costs;

If you are self employed you can deduct 100 percent of the cost of health insurance for you and your family from your self-employment taxes.

Specific provisions of the law include:

New Law Puts More Capital in the Hands of Entrepreneurs and Small Business Owners

SBA Enhanced Loan Provisions - \$14 billion more in lending support

The law extends SBA loan provisions (with the 90% guarantee and reduced fees) through Dec.

31. The \$505 million for Jobs Act loans will support about \$14 billion in overall small business lending.

In the first week of the Jobs Act, SBA provided nearly 2,000 loans totaling nearly \$1 billion in lending support.

Higher Loan Limits - significantly increases maximum loan sizes in top loan programs

The law permanently increases 7(a) and 504 limits from \$2 million to \$5 million (for manufacturers in 504 loan program, up to \$5.5 million).

The law permanently increases microloan limits from \$35,000 to \$50,000, helping larger entrepreneurs with start-up costs and small business owners in underserved communities.

Alternative Size Standards - more small businesses eligible to get SBA loans

The law expands the number of small businesses eligible for SBA loans by increasing the alternate size standard to those with less than \$15 million in net worth and \$5 million in average net income.

Temporary Enhancements to Help with Working Capital, Commercial Real Estate Refinancing

The law will increase maximum amount of SBA Express loans from \$350,000 to \$1 million (expires 9/27/2011).

In coming months, the law will allow some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/2012).

Dealer Floor Plan Pilot Extension, Expansion

The pilot program (begun 2009) will be extended to 2013. Though the old pilot has expired, the new, larger pilot will be implemented in coming months. This will help small businesses owners who sell cars, RVs, boats, other titleable inventory.

Small Business Intermediary Lending Pilot

In six to twelve months, the law will provide for funding up to \$20 million per year in small business loans over the next three years for an intermediary-facilitated loan program targeting small businesses that need loans up to \$200,000.

New Law Strengthens Small Businesses' Ability to Compete for Contracts, Including Recommendations from the President's Task Force on Federal Contracting Opportunities for Small Business

Equal Treatment across Federal Contracting Programs

The law reaffirms "parity" among federal small business contracting programs. When conducting contracts that are set-aside for small businesses, contracting officers are free to choose among businesses owned by women and service-disabled veterans, as well as businesses participating in HUBZone programs and 8(a) programs.

Better Playing Field for Small Businesses - more accountability, integrity, transparency

The law gives agency procurement officers more ability to provide both large prime contracts and microcontracts to small businesses. The law has stronger enforcement so agencies will be held more accountable for reaching small business goals.

The law makes it harder for agencies to "bundle" contracts, a practice that often takes opportunities away from small business.

The law eliminated the Competitiveness Demonstration program, a program which limited opportunities for small business contractors in about 10 industries where they excel, with over \$24 billion in contracting in FY09.

The law enforces stronger subcontracting plan requirements for large prime contractors to ensure small businesses are utilized in subcontracting. It also discourages late payments to small subcontractors.

The law enforces SBA's continuing efforts to combat fraud, waste, and abuse. Federal agencies, including the Department of Justice, will have more ability to vigorously pursue companies that win contracts by misrepresenting their small business status.

Small Business Teaming Opportunities

The law provides \$25 million for a new pilot that provides grants that will help small businesses team up with each other to compete for larger and more complex federal government contracts.

New Law Promotes Small Business Exporting, Building on the President's National Export Initiative

- Export Express Pilot Becomes Permanent
 - o The law turns the Export Express pilot loan program into a permanent program with 90% guarantees for loans up to \$350,000 and 75% for loans between \$350,000 and \$500,000.

State Trade and Export Promotion Grants Pilot

In coming months, the law will provide \$90 million in competitive grants over next three years for states to help small business owners with exporting.

Increased Staff and Strengthened Export Counseling Resources.

Law Expands Training and Counseling:

Major Investment in Counseling and Training

In coming months, the law will provide \$50 million in grants available to Small Business Development Centers.

More Opportunities in Export Counseling (see above)

New Law Provides \$12 Billion in Tax Relief to Help Small Businesses Invest in their Firms, Create Jobs

Extension, Expansion of Tax Cuts - 8 Small Business Tax Cuts

The highest small business expensing limit ever, of \$500,000

Carry-back provisions on net operating losses of up to 5 years

Accelerated/bonus depreciation

Zero capital gains taxes for those who invest in small businesses

Increased deductions for start-ups

Deductions for employer-provided cell phones

Deductions for health insurance costs for the self-employed

Limitations on penalties for errors in tax reporting that disproportionately affect small business

Treasury Department Provisions

Small Business Lending Fund - \$30 billion

The law will provide smaller community banks with low-cost capital (as low as 1%) if they go above and beyond 2009 small business lending levels.

Establishes State Small Business Credit Initiative

The law will provide up to \$1.5 billion to support state-run small business lending programs.

For more detailed information on the Small Business Jobs Act, go to www.sba.gov/jobsact

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